

THE COMMONWEALTH GROWS

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Agricultural Development Board Investment Philosophy

The Kentucky Agricultural Development Board will invest the Kentucky Agricultural Development Fund in innovative proposals that increase net farm income and affect tobacco farmers, tobacco-impacted communities, and agriculture across the state through stimulating markets for Kentucky agricultural products, finding new ways to add value to Kentucky agricultural products, and exploring new opportunities for Kentucky farms and farm products.

TIMING FOR PAYMENTS BASED ON SETTLEMENT AGREEMENT

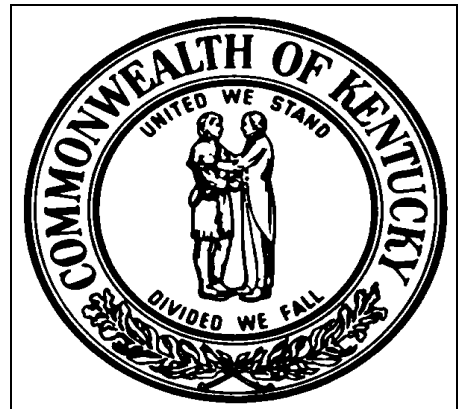
BY EXECUTIVE DIRECTOR JOHN-MARK HACK

As of this writing, the state budget for the coming biennium has not yet been completed. In the budget submitted by Governor Patton in January, the budget pass by the House of Representatives, and the budget passed by the Senate, the Agricultural Development Fund again received a full 50% share of the state's tobacco settlement proceeds. Until the budget is finalized though, that commitment is not final.

We have no reason to believe that the commitment to the Agricultural Development Fund will change. We do however want to pass on some information related to allocations of county funds in the current budget. Counties that have committed all or nearly all their funds to model programs or other projects for the current biennium should realize that cash for the next round of funding will not be available until January and April of 2003.

The tobacco settlement agreement dictates the payment schedule by which the state receives its proceeds from the settlement. Payments are made in January and April of each year. Because the state's fiscal year runs July 1 – June 30, the payments for each fiscal year actually arrive in the 3rd and 4th quarters of the fiscal year.

Pending the final outcome of the new state budget, counties may continue to commit funds to model program and new projects, but council members should be aware that the cash for



these commitments will not become available until January (20%) and April (80%) of 2003.

Councils may decide how to handle this situation based on what is best for your community. Some councils may choose to meet less frequently if you do not have cash available for new projects. Others may decide to continue your regular meeting schedule and make commitments, pending the state's receipt of the cash.

If you have any questions, then please contact the project manager assigned to your extension area.

CALENDAR OF AGRICULTURAL MEETINGS AND EVENTS

Agricultural Development Board Meeting

Friday June 21, 2002 at 10:00 am

Brown-Forman Room of the Kentucky History Center in Frankfort

Meet Agricultural Development Board Member Daniel Case



Bookkeeper, agronomist, agricultural lender, father, and husband are a few of the titles that could be used to describe Agricultural Development Board Member Danny Case. Both he and his wife, Kelly, were raised on family farms and now raise cattle, hay, corn, and tobacco with their two children, Kyle and Mary Lauren. Danny explains, "As a small family farmer, you have to wear many hats."

Danny has been doing just that through his involvement in his community, serving on the Soil Conservation Board, the Robertson County Farm Bureau Board, and the Agricultural Development Board. When he was first appointed to the board, Danny was concerned about how he would balance all of his time commitments, including his full-time job as an agricultural lender. He says that he has been able to manage the full schedule with assistance from the board's staff, as well as having support from his family and boss.

The experience Danny has gained from wearing those many hats has been an asset to him on the board. Danny speaks about the agri-

PROJECT SPOTLIGHT: APOIMMUNE Project Has Potential To Create New Market For Tobacco Farmers

The Agricultural Development Board, chaired by Governor Paul Patton, approved \$255,000 for the first phase of a project by ApoImmune that has the potential to create a new market for tobacco farmers. ApoImmune has been working on a new cancer treatment that utilizes tobacco plants to produce therapeutic proteins. The funds will be split to assist in two areas of research. Part of the funds will be used to help produce three therapeutic proteins for use in laboratory testing to determine if proteins grown from the tobacco plant can fight cancer and other life threatening diseases. The second part of the funds will be utilized to develop a tobacco seed that has therapeutic proteins within it, which would allow for production on a scale that would meet the world demand for the cancer fighting proteins. If the research succeeds, it could potentially create the demand for a large supply of tobacco that could be served by Kentucky tobacco farmers.

Exploring new opportunities for Kentucky farms and farm products is part of the board's investment philosophy. The goal of



the project is to look at the opportunity to increase net farm income and affect tobacco farmers through the creation of a new market for tobacco. Tobacco farmers from the Licking River Area will be among the first to take advantage of the opportunity to be involved in this project. ApoImmune will work with farmers in that area as they are developing their research.

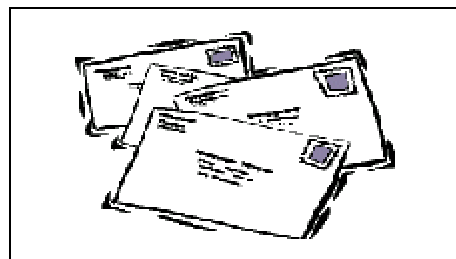
Representative Mike Denham says, "I think it's a great opportunity for the farmers in our area and certainly something that will help our family farms and our tobacco farmers stay economically viable. I especially appreciate the Governor, John-Mark Hack, and The Agricultural Development Board recognizing the plight of the farmers in this area and trying to help them." Looking at the health implications of the projects, he adds, "I hope that it is able to cure disease, this new research. I think it not only gives our farmers hope but it gives patients who are very ill hope."

Fleming County Judge Executive Homer Hurst agreed saying, "The raising of tobacco is something that our farmers are already accustomed to doing and I am one hundred percent behind this research and I would do anything I can to support our farmers. I don't think there's any doubt about it, this would be a wonderful thing for our farmers."

THE GOVERNOR'S OFFICE OF AGRICULTURAL POLICY WANTS YOUR QUESTIONS

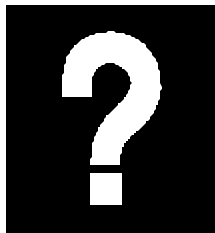
To allow questions to be answered in an efficient manner, the Governor's Office of Agricultural Policy would like to respond to frequently asked questions in this newsletter. If you would like to see your question answered here, please send it to the address on the back of this newsletter, care of "The Commonwealth Grows." If you have internet access, send an e-mail to:

govkyagpolicy@mail.state.ky.us attention The Commonwealth Grows.



Send your questions to *The Commonwealth Grows*

AGRICULTURAL DEVELOPMENT QUESTION AND ANSWER



Question: What is the process for receiving a check after a project is approved for funding?

The first important thing to keep in mind during this process is that the organization awarded funding must legally exist. In some cases, that would mean that they are in "Good Standing" with the Secretary of State's Office as a legal entity for conducting business in Kentucky. This is a requirement that must be met before funds can be dispersed.

After a project has been approved for funding, a draft legal agreement will be forwarded to the project representative. The representative should review the agreement and have it signed, if the agreement is acceptable in its current form. Once the agree-

ment is executed, it must be returned to our office with a document recognizing the signer's authority to sign the agreement. Typically, this can be a copy of the organization's by-laws or the minutes from the meeting where the group formally accepted the terms of the contract.

After this agreement and supporting documentation have been returned, staff from the Governor's Office of Agricultural Policy will send the request to the Finance and Administration Cabinet where the check is produced. When received from Finance, the check is forwarded to the organization.

The timeline for this process can vary, based on the timeliness of the return of the agreement or other requirements. The office works hard to place checks in the hands of funded project recipients as soon as possible. For questions about the status of a funded project receiving a check, contact the project manager for your area.

Meet Daniel Case Continued

cultural development process, saying, "Me being a farmer and a lender both it's helped me to know both sides of this." Having a financial perspective, Danny recognizes the need for farmers to access the funds they need for their farm operation to diversify.

He credits the model programs such as beef genetic improvement and diversification as ways for farmers to access those funds. However, in his community of Robertson County, Danny admits that he would like to see more participation by farmers and worries that the loss of tobacco income may have affected their ability to participate in the cost-share programs. He also thinks that there might be a hesitation on the part of farmers who are waiting for a tobacco buyout.

As a member of the Agricultural Development Board, Danny has learned more about his local community through interaction with county council members. He has also learned more about the successes and problems in agriculture around the state and has tried to pass along that information to his community. The past few years have been a learning process, not only for board members, but also for county council members and farmers, says Danny.

Through the agricultural development process, Danny hopes, "I would like to see family farms still around because I think that's a good way of life."

PROJECTS APPROVED FOR FUNDING AT THE MAY BOARD MEETING

Community Ventures Corporation- \$708,750 State funds for a collaborative micro-lending project with Buffalo Trace Area Development District, Purchase Area Development District, Kentucky Highlands Investment Corporation, and the U.S. Small Business Administration to leverage \$3.875 million for specialized business planning, technical assistance, and loans

ApoImmune- \$255,000 State funds to research the potential for producing cancer fighting therapeutic proteins in tobacco

The Kentucky Wool Society- State, Bourbon, and Jessamine County funds to purchase carding, picking, and cleaning equipment for wool, as well as a classroom and retail store for the demonstration and sale of wool products

Wayne County Pork Producers- \$2,000 for efforts to promote the role of agriculture in the community, connect consumers to the farm, and create a networking system for farm families through educational meetings and workshops

Hopkins County Conservation District- \$13,434 to administer agricultural and conservation educational programs to students

Bremen Elementary School- \$9,300 (Muhlenberg County) to establish a mentoring program utilizing high school students as teachers at the greenhouse/outdoor classroom

Spencer County Conservation District- \$4,250 for a fertilizer/lime spreader

Washington County Conservation District- \$6,425 for a tree planter and warm-season grass drill to enhance timber production and improve the forage base

Calloway County Conservation District- \$2,000 for two safety days in cooperation with the Young Farmers Association, Kentucky Farm Bureau, Calloway County Extension Service, and the Purchase Area Health Education Coordinator

Mercer County Conservation District- \$2,245 for a tree planter

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INTERVIEW WITH GRAYSON COUNTY COUNCIL MEMBER MICHAEL SHULL

Along with being a county council member involved with setting priorities for the distribution of local tobacco settlement funds, Michael Shull has also had years of experience working with tobacco production. He says, "I've been involved with tobacco culture since I was six." He raised tobacco first with his family and finally independently.

Today, he still grows tobacco along with raising grain and cattle. Many residents of the county know him as a social studies teacher at the high school.

One of eight agricultural development council members, Michael talks about the connection that the council has with the community because of the loss of tobacco income, saying, "You can identify with them because you're suffering the same thing they are." He went on to admit, "When we talk to these people, we are dealing with personal acquaintances."

Because the council's responsibilities were so personal as well as so important to the community, they worked to establish priorities for the funds. First, they held public meetings to bring in ideas from farmers and the general public concerning the use of funds. Then they looked at the demographics



and geography, trying to determine, "What we can do and do it well that would actually work." In addition, "We looked at what was coming and what was going."

Using the priorities established in their county plan, Michael says the council also looks at the future of new projects, saying, "It has to be feasible. It has to have a good chance of succeeding." He adds, "The more people that it benefits, the more it appeals to our board."

Michael talks about a replacement for tobacco, saying, "There isn't any." Since other products don't have a guaranteed market, it is more difficult to determine what will succeed.

At the same time, Michael commends the cattle handling and genetics programs for already having helped a large number of tobacco impacted farmers. He says, "Our genetics program has made people much more aware of what good genetics can do." Farmers now know how to find a good bull, are keeping better records, and are using the language of EPD's. Many are using the funds as seed money and are investing more than just the 50% cost-share required. He estimates that 400 people will have received some type of assistance from the funded projects and the skills they have received will last long-term.